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THE REALIZATION OF ECONOMIC, SOCIAL AND CULTURAL RIGHTS

Provisional report on the relationship between the enjoyment of human rights, in particular economic, social and cultural rights, and income distribution, prepared by Mr. José Bengoa, Special Rapporteur

INTRODUCTION

A. Purpose of the document and summary

1. The poverty and growing social inequality that accompany world economic growth constitute one of the main concerns of the international community. For this reason, study and monitoring of the economy, at both the international and national levels, from the human rights angle and in particular from the standpoint of economic, social and cultural rights, is increasingly important. The first report by Mr. Eide (E/CN.4/Sub.2/1994/21) and the first report by this Special Rapporteur (E/CN.4/Sub.2/1995/14) addressed conceptual aspects and aspects of political theory relating to the issue of income distribution. We deemed it necessary in this second report to provide empirical data on these topics. An attempt will be made to provide the most telling data to describe the current situation and, in accordance with the Special Rapporteur's mandate, to develop indicators which will throw more light on these phenomena.

2. The report is divided into three parts, together with an introduction and a conclusion. The purpose of the introduction is to establish how the economy appears when viewed from the angle of human rights. It is widely acknowledged that economics has progressively split off from the "human sciences", and there are many who consider it to be akin to the exact sciences. However, we

are sustained by the conviction that economics, and the figures and trends associated with it, can be called to account from the standpoint of individual rights. The first part of the report analyses income distribution at the international level, drawing on data and figures to record the growing trend towards the concentration of wealth within a small group of countries. An analysis is made of policies of international cooperation whose alleged purpose is to ensure that this ever-widening gap does not widen still further. The second part provides an analysis of income distribution at the national level. The empirical analysis attempts (a) to grasp the main trends, (b) to develop an indicator whereby it is possible to list countries on the basis of their domestic income distribution and (c) to provide a theoretical classification of countries in accordance with the manner in which income is distributed internally. It will be for the debate within the Sub-Commission to demonstrate the value of the indicators employed in this report. The third part, in conformity with the Sub-Commission's mandate, outlines the relationship between income distribution, both at the international and at the national level, and eduction and poverty. Education, as is well-known and was pointed out in the preliminary report, is a key factor in the relationship between economic growth and poverty. It is widely recognized that a society with a higher level of education is better placed to become involved in the markets and to find suitable solutions for its problems than one without a broad educational base. Poverty is closely linked to income distribution, and this report provides an overall analysis of poverty. As is indicated in the work plan, this should be the central topic of this Special Rapporteur's third and final report. The conclusion provides a further analysis of the value of the concept of equal opportunities as a means of more fully ensuring the fulfilment of economic, social and cultural rights.

B. Human rights and the world economy

3. The World Bank's 1995 report notes that in 1978 "about a third of the world's workforce lived in countries with centrally-planned economies. At least another third lived in countries weakly linked to international interactions because of protective barriers to trade and investment". It adds that if the trends continue, by the year 2000, i e. in four more years, fewer than 10 per cent of workers will be living in the type of country in which two thirds of mankind used to live and work. The change that has affected the world's economy in recent years has been violent and is too obvious to require a lengthy description in this report. The World Bank report adds that as a result of these changes "in rich and poor countries alike there are fears of rising insecurity ... . Nor have economic growth and rising integration solved the problem of world poverty and deprivation. Indeed, the numbers of the poor could rise still further ...". 1/

4. Human rights are the moral and ethical imperative, which States have universally adopted and defined. The preliminary report submitted to the Sub-Commission (E/CN.4/Sub.2/1995/14) drew attention to the responsibility and duties of States as regards the realization of economic, social and cultural rights and endeavoured to spell out their implications within the context of modern societies and economic globalization. For that reason, this report analyses the situation as regards income distribution, both internationally and nationally, from the angle of those same rights.

5. As we pointed out in our report, income distribution is an appropriate indicator of the degree of equity or lack of it in a society and of the presence or absence of opportunities within a sector of the population or a geographical area. It is a tool for monitoring the fulfilment of human rights.

PART ONE

C. Income distribution at the international level

6. The main feature of the world economy in the last three decades has been the process of concentration of wealth. In 1980 the eight leading industrial countries (the United States, Japan, Germany, France, Italy, the United Kingdom, Canada and Australia) accounted for 58.30 per cent of the total world product. In 1994 the figure had risen to 68.07 per cent. Table 1 2/ shows the growth of the industrialized countries from 1960 to the present. Current dollars have been used as they are a tangible and easily comprehensible indicator, despite obvious distortions resulting from inflation and changes in purchasing power.

Table 1

GDP by regions or groups of countries

(in US$ at market rates)

	1960	1970	1980	1990	1994
Industrialized	945 010	2 101 285	8 453 566	17 475 008	20 139 818
Africa	28 774	68 569	361 773	412 813	455 477
Asia	77 641	139 928	885 304	1 558 414	2 313 222
Oceania	587	1 585	6 504	10 563	13 090
Europe	13 385	19 310	229 619	244 307	252 770
Middle East	17 445	39 643	454 964	910 186	507 275
Latin America	65 854	158 215	816 075	1 157 306	1 284 531
Total	1 148 696	2 528 534	11 207 805	21 768 598	24 966 184

7. The industrialized countries increased their income 21-fold between 1960 and the present. If Africa had managed to do the same, it would have had a product of 631.4 billion dollars in 1994, whereas the actual figure was 455.4. It suffered a net loss of 176.0 billion dollars, i.e. virtually 40 per cent (39.5) in the last three decades. Over the same three decades Latin America increased its wealth by slightly less than 100 billion dollars (97.3), also at current values. Thanks to a small number of countries with a high level of growth, in particular Japan, Asia's product increased. 3/ These trends towards concentration are apparent in the following table, which sets out the figures in percentages, giving a clearer comparison of the concentration process.

Table 2

GDP by regions or groups of countries
(percentages)

	1960	1970	1980	1990	1994
Industrialized	82.27	83.10	75.43	80.28	80.67
Africa	2.50	2.71	3.23	1.90	1.82
Asia	6.76	5.53	7.90	7.16	9.27
Oceania	0.05	0.06	0.06	0.05	0.05
Europe	1.17	0.76	2.05	1.12	1.01
Middle East	1.52	1.57	4.06	4.18	2.03
Latin America	5.73	6.26	7.28	5.32	5.15
Total	100	100	100	100	100

8. As from the 1980s, the share of Africa and Latin America, in the world economy, which had grown slightly but significantly between 1960 and 1980, slumped in what has become known as the "lost decade", although the trend still had not come to an end in 1994.

9. If we analyse countries in terms of their GDP (table 3), it is apparent that there has also been a considerable concentration of income distribution at the world level in recent decades. In this case, countries have not been grouped by regions, but from the richest to the poorest 20 per cent. The first group will be designated as the highest-income countries and the latter as the lowest-income countries.

Table 3 4/

International GDP distribution from the richest to the poorest 20 per cent of countries
(percentage share)

	1960	1970	1980	1990	1994
Richest 20%	90.20	92.73	89.33	92.84	92.42
Second 20%	6.67	5.21	8.37	5.68	6.03
Third 20%	2.13	1.52	1.66	1.02	1.12
Fourth 20%	0.78	0.43	0.51	0.39	0.36
Fifth 20%	0.21	0.11	0.13	0.07	0.07
Total	100	100	100	100	100

	1960	1970	1980	1990	1994
Countries in sample	121	157	156	167	167

10. As is well known, the gap between the various groups of countries is widening every day. This study merely reiterates the fact and provides some statistics to illustrate it. In 1992, the per capita income of the poorest 20 per cent of the world population was US$ 301 per year, while that of the richest 20 per cent was US$ 19,542, measured in terms of countries. If the calculation is based on the total number of people, rather than broken down into countries, the per capita income of the poorest sector was only US$ 163 per year in comparison with US$ 22,808, i.e. 79 per cent of world income, for the richest.

11. Secondly, it should be mentioned that there is a secondary but no less significant trend among the world's major regions. Regional concentration is also extremely significant and is frequently concealed by the consolidated figures. The six major industrialized countries account for 80 per cent of the total product. In Africa, South Africa, Algeria, the Libyan Arab Jamahiriya, Nigeria and Morocco account for 64.46 per cent of the regional product. In Asia, China, the Republic of Korea, India and Indonesia account for 68.26 per cent, while in Latin America, Mexico, Argentina and Brazil account for 63.01 per cent of the region's product.

12. The figures show that two simultaneous processes of concentration are under way, one of them at the world level, between rich and poor countries, and the other at the regional level, generally between large and small countries.

D. International cooperation and the gap between rich and poor countries

13. The world is increasingly aware of the inequality and imbalance of income distribution at the international level. Many people will probably feel that this report merely repeats facts that are already sufficiently well known. The World Summit for Social Development in Copenhagen was an important milestone in the development of this awareness. In its annual Human Development Report, UNDP draws attention to the present difficulty of translating an international sense of solidarity into efficient operational mechanisms for international cooperation. This is perhaps the point on which we should focus. There are increasing symptoms of a deep crisis in international cooperation. There are no suitable mechanisms; traditional mechanisms are mistrusted and international assistance to the developing or poor countries is in disrepute. For example, it is felt that "humanitarian assistance" fails to yield satisfactory results in terms of development - that on the contrary, it entails new forms of dependency. There is uncertainty as to whether international cooperation should be pursued through agreements between Governments, or should be channelled and executed by non-governmental organizations, or by the multilateral system of specialized intergovernmental agencies. Nor is there a clear understanding of the relationship between international humanitarian cooperation and the "real economy" of donor countries or the opening up of new markets for the products and technologies of the cooperating countries. This is a matter of urgency. It is possible to justify sending food for a limited period of time to a country that is in the grip of an emergency, when there is no other solution to the crisis. Over the medium and long term the purpose of cooperation should be to promote sustainability in the recipient country, develop scientific and technical

research, provide it with a new range of technologies, train the population - in short, provide support for the emergence of vectors of development. This also requires support from international cooperation to develop new markets for the products of the poor countries. The isolation of the "real economy" of the donor countries from international cooperation is the main issue that emerges from an analysis of international income distribution.

14. The second noteworthy point is the low level of international assistance to the poor countries. The tables provided below show both the overall volume in absolute figures for the main recipients of international assistance, and the amount in percentage terms relative to the number of people living in poverty. Table 4 shows the amount received by the 20 main recipients of international assistance. Table 5 shows that per capita assistance to the poorest amounts to 4.2 dollars, taking into account all forms and sources of international cooperation. Clearly, these mechanisms will not bring about any significant changes in world income distribution.

15. According to figures provided by UNDP for 1990, the developed countries spend US$ 54 billion per year on development assistance. Of this total, 52 billion was provided by the Organisation for Economic Co-operation and Development (OECD). This represents 0.35 per cent of their GNP. Seventy per cent of this figure is in the form of bilateral assistance, i.e. from Government to Government.

16. The World Summit in Copenhagen set forth the duties of States in narrowing the gap between rich countries and poor. Although no mechanisms entailing mandatory obligations for countries were established, the Summit solemnly proclaimed a resolve to progress towards them. The main mechanisms were the following: (a) support to the poor countries in paying their external debt; (b) financing of joint social programmes under the so-called 20:20 mechanism; and (c) a spending target of 0.7 per cent of the rich countries' GNP for assistance and international cooperation. Table 6 shows the percentages of bilateral assistance spent by the developed countries. All of them, with the exception of the Scandinavian countries and the Netherlands, fall far short of this target. 5/ If the 0.7 per cent target were attained, the volume of resources available for international cooperation would of course be doubled, to slightly more than US$ 100 billion. While obviously not a sufficient condition, this may be a necessary condition for more balanced income distribution at the international level.

17. The mechanisms proposed by the World Summit for combating the concentration of income at the international level do not appear to have yielded major results in the year just ended. Several regional follow-up meetings have been held which have attempted to implement the aid mechanisms. However, there is no indication, either in the developed or in the developing countries, that any innovative ideas are being produced which would pave the way for changes in international cooperation.

Table 4

Amount of assistance received by 20 selected countries, accounting for 61 per cent of total international assistance, 1990

Developing countries	Total 1990 (US$ millions)	As a percentage of GDP
Egypt	5 584	17.2
Bangladesh	2 081	10.5
China	20 864	0.5
Indonesia	1 717	2.0
India	1 550	0.5
Philippines	1 266	3.0
Turkey	1 259	1.7
United Republic of Tanzania	1 155	37.5
Pakistan	1 108	2.8
Kenya	989	11.3
Morocco	965	4.4
Mozambique	923	77.4
Jordan	884	16.7
Ethiopia	871	14.6
Zaire	816	9.2
Thailand	787	1.2
Sudan	768	9.5
Senegal	724	15.4
Côte d'Ivoire	674	7.2
Sri Lanka	659	9.1
Subtotal	26 844	2.4
Total as a percentage of ODA (*)	61.00%	

Source: UNDP, Human Development Report 1992, table 3.10.

(*) Official development assistance.

Table 5

Relationship between poverty and international cooperation in 10 selected countries

Developing countries with a high number of poor people	No. of poor (millions)	Poor as percentage of total world poor	ODA per capita (US$)	ODA as a percentage of total world ODA
India	410	34.2	1.8	3.5
China (*)	120	9.9	1.8	4.7
Bangladesh	99	8.3	18.0	4.7
Indonesia	70	5.8	9.3	3.9
Pakistan	37	3.1	8.8	2.5
Philippines	36	3.0	20.3	2.9
Brazil	33	2.8	1.1	0.4
Ethiopia	30	2.5	17.7	2.0
Myanmar	17	1.4	4.7	0.4
Thailand	17	1.4	14.1	1.8
	869	72.4	4.2	26.8

Source: UNDP, ibid., table 3.11.

(*) The number of poor in China is estimated by the World Bank at about 100 million, for rural poor only. A rough estimate of 120 million is adopted here for the entire country.

Table 6

Characteristics of bilateral aid
(Priorities in bilateral aid)

Country	ODA (US$ million) 1990	ODA as a percentage of GNP 1990	Social aid 1988/89	Social priorities 1988/89	Human aid 1988/89	Percentage of total ODA for human priorities 1988/89
Norway	1 207	1.17	27.2	72.3	0.230	19.7
Finland	846	0.64	38.0	41.4	0.100	15.7
Denmark	1 171	0.93	19.2	55.4	0.099	10.6
Netherlands	2 580	0.93	21.1	44.5	0.087	9.4
Sweden	2 007	0.90	17.0	41.5	0.064	7.1
Switzerland	750	0.31	35.8	50.6	0.056	18.1

Table 6 (continued)

Country	ODA (US$ million) 1990	ODA as a percentage of GNP 1990	Social aid 1988/89	Social priorities 1988/89	Human aid 1988/89	Percentage of total ODA for human priorities 1988/89
Canada	2 470	0.44	23.8	45.9	0.048	10.9
Italy	3 395	0.32	18.0	47.3	0.027	8.5
United Kingdom	2 639	0.27	13.4	65.8	0.024	8.8
France	6 277	0.52	11.0	35.9	0.021	4.0
Austria	389	0.25	13.4	60.6	0.020	8.1
United States	10 166	0.19	16.4	50.4	0.016	8.3
Germany	6 320	0.42	8.9	21.4	0.008	1.9
Japan	9 054	0.31	10.7	25.5	0.008	2.7
Australia	955	0.34	6.4	31.4	0.007	2.0
Total 15 countries	50 226	0.35	14.8	43.7	0.023	6.5

Source: UNDP, ibid., table 3.14.

18. As previously indicated, a greater volume of resources for international cooperation would also require a broader definition of the relationship between international cooperation and the "real economy" - international trade, technology transfer, the opening of markets and the like. This issue is still to be dealt with in the economic "globalization" process. Cooperation continues to operate exclusively in a humanitarian framework. Once it is perceived as a necessity of the globalized world economic system not only will the outlook change but also the resources allocated to cooperation. In future international cooperation should play the role of a system of prevention, equilibrium and the countering of cycles of crisis at the global level, connecting the ethical need for international solidarity to the economic needs of an increasingly interdependent world.

PART TWO

E. Income distribution at the national level

19. There is little reliable information on the income distribution situation at the national level. Existing data, according to the World Bank, should be used with caution. Using direct sources in countries, as well as indirect sources, we have been able to form a partial picture for some countries, which is presented in the following tables.

Table 7

Comparative table of income distribution
by quintile in selected countries

	Poorest 20%	Second 20%	Third 20%	Fourth 20%	Richest 20%	Richest 10%	QV/QI ratio
United Republic of Tanzania							
1960-1969	5.8	10.2	13.9	19.7	50.4	35.6	8.7
1990-1993	2.4	5.7	10.1	18.7	62.7	46.5	26.1
Chile							
1960-1969	4.4	9.0	13.8	21.4	51.4	34.8	11.7
1990-1993	3.3	6.9	11.2	18.3	60.4	45.8	18.3
India							
1960-1969	6.7	10.5	14.3	19.6	48.9	35.2	7.3
1990-1993	8.8	12.5	16.2	21.3	41.3	27.1	4.7
Sri Lanka							
1960-1969	7.5	11.7	15.7	21.7	43.4	28.2	5.8
1990-1993	8.9	13.1	16.9	21.7	39.3	25.2	4.4
Honduras							
1960-1969	2.3	5.0	8.0	16.9	67.8	50.0	29.5
1980-1989	2.7	6.0	10.2	17.6	63.5	47.9	23.5
United Kingdom							
1960-1969	6.3	12.6	18.4	23.9	38.8	23.5	6.2
1980-1989	4.6	10.0	16.8	24.3	44.3	27.8	9.6
Australia							
1960-1969	6.6	13.5	17.8	23.4	38.8	23.7	5.9
1980-1989	4.4	11.1	17.5	24.8	42.2	25.8	9.6
Italy							
1960-1969	5.1	10.5	16.2	21.7	46.5	30.9	9.1
1980-1989	6.8	12.0	16.7	23.5	41.0	25.3	6.0
Germany							
1960-1969	6.5	10.3	15.0	22.0	46.2	30.3	7.1
1980-1989	7.0	11.8	17.1	23.9	40.3	24.4	5.8
Canada							
1960-1969	5.0	11.8	17.9	24.3	41.0	25.1	8.2
1980-1989	5.7	11.8	17.7	24.6	40.2	24.1	7.1
Norway							
1960-1969	6.3	12.9	18.8	24.7	37.3	22.2	5.9
1980-1989	6.0	12.9	18.3	24.6	38.2	22.8	6.4
Netherlands							
1960-1969	6.45	11.6	16.4	22.7	42.9	27.7	6.6
1980-1989	8.2	13.1	18.1	23.7	36.9	21.9	4.5

20. From the available data, which are fragmentary, the following trends can be discerned 6/:

(a) Income concentration or redistribution at the national level does not follow a homogeneous pattern dictated exclusively by the international market, but rather depends on the internal regulations of countries, their public policies - in other words, their own decisions;

(b) In the case of the industrialized nations, the pattern of income distribution in the past 20 years has varied, although there has been a growing trend towards income concentration. On the one hand, there is a trend for historical ratios of income distribution to be maintained, with some redistribution (as in Australia, Italy and France). Compared with the 1970s, the concentration has declined in Germany (from a ratio of 7.1:1 between the highest and lowest quintile to 5.8:1), and in the Netherlands, there has been a two-percentage-point drop over the past 20 years. Italy and Spain show evidence of a major redistribution over the same period, probably the result of their high growth rates, increasing integration into the world economy and, particularly, their domestic social policies. Elsewhere, income concentration has grown. In the United Kingdom, the income share of the poorest quintile has declined from 7 per cent to 4.6 per cent, and in the intermediate quintiles as well, the shift has favoured the top 20 per cent, whose share rose from 39.7 per cent in the 1970s to 44.3 per cent in the 1980s. The latter figure is from 1990; 7/

(c) In the case of the poor countries, the crises have impoverished the population as a whole many times over, provoking an apparent redistribution in numerical terms. When there are negative (or very low) growth rates, the sectors at the highest consumption level are also affected. In India, the ratio between the richest and poorest 20 per cent was 7.3:1 in the 1970s and 7.1:1 in the 1980s; it fell to 4.7:1 in 1993, the last year for which there are available data. Something similar is occurring in Africa, where it can be observed in such countries as Kenya and Zambia, and in Asia, for which we have chosen the examples of Nepal and Bangladesh (see note 6). It is interesting to observe - with the prudence with which these data must be handled - similar statistical behaviour in the case of Hungary and other countries that have recently abandoned central economic planning.

21. Data from the Economic Commission for Latin America 8/ show the growing concentration of income among urban populations in the region. This analysis differs from previous ones in that only the urban distribution of income is analysed, excluding rural populations, which are normally the poorest. It is apparent from the table that the income share of the poorest populations (the bottom 40 per cent) is decreasing in almost all countries, with the exception of Uruguay and to a lesser extent Chile. Uruguay's economic structure has tried every possible means to maintain what is the best income distribution pattern in all Latin America. Costa Rica, the other country with historically equitable distribution, has also been undergoing a process of greater concentration. The falling income of the poorest 40 per cent in countries such as Venezuela may explain and shed light on the urban difficulties and conflicts which have occurred there and elsewhere in recent years.

Table 8

Urban income distribution in Latin America
1980-1992 a/

Country	Year	Bottom 40%	Middle 30%	20% below the top 10%	Top 10%
Argentina b/	1980	18.0	25.6	26.6	29.8
	1986	16.2	24.1	25.2	34.5
	1992	15.2	25.0	28.2	31.6
Brazil	1979	11.7	20.7	28.5	39.1
	1987	9.7	18.1	27.9	44.3
	1990	9.6	19.3	29.4	41.7
Chile c/	1987	12.6	20.6	27.3	39.6
	1990	13.4	21.2	26.2	39.2
	1992	13.6	20.7	25.2	40.5
	1994	13.3	20.5	25.9	40.3
Costa Rica	1981	18.9	28.1	29.8	23.2
	1988	17.2	26.7	28.5	27.6
	1992	17.0	27.8	28.3	26.9
Mexico d/	1984	20.1	27.1	27.0	25.8
	1989	16.2	22.0	24.8	36.9
	1992	16.6	22.1	26.5	34.8
Panama	1979	15.5	25.4	30.0	29.1
	1986	14.2	25.2	27.6	33.0
	1991	13.3	24.3	28.2	34.2
Uruguay	1981	17.7	24.5	26.6	31.2
	1986	17.3	23.1	27.2	32.4
	1992	21.9	26.2	26.0	25.9
Venezuela	1981	20.2	28.5	29.5	21.8
	1986	16.3	26.0	28.8	28.9
	1992	16.4	26.2	29.3	28.1

Source: Economic Commission for Latin America and the Caribbean (ECLAC), based on special tabulations of information from ongoing surveys on family groups in each country.

a/ Income distribution of urban family groups classified by per capita income.

b/ Greater Buenos Aires metropolitan area.

c/ Special data tabulations based on national socio-economic surveys conducted in 1987, 1990, 1992 and 1994.

d/ Special data tabulations based on surveys of family income and expenditures.

F. Comparative analysis of income distribution

22. The Sub-Commission's mandate stressed the need for indicators that would lead to better understanding of the question of income distribution worldwide and of how it is related to the problems of poverty. We have come up with an indicator that enables us to rank countries according to the extent of concentration of their income distribution. The data are for the five-year period 1987-1993, and only those countries on which we have data are listed. 9/

Table 9

Ranking of countries by income distribution pattern, 1990-1993

(Ratio between the highest and lowest income quintile)

Country	Ratio
1. Hungary	3.2
2. Poland	3.9
3. Rwanda	4.0*
4. Bangladesh	4.1*
5. Nepal	4.3*
6. Spain	4.4
7. Sri Lanka	4.4
8. Netherlands	4.5*
9. Sweden	4.6*
10. Bulgaria	4.7
11. India	4.7
12. Pakistan	4.7
13. Ethiopia	4.8*
14. Indonesia	4.9
15. Uganda	4.9
16. Viet Nam	5.6
17. Republic of Korea	5.7*
18. Germany	5.8*
19. Yugoslavia	5.9*
20. Finland	6.0*
21. Italy	6.0*
22. Ghana	6.3*
23. Norway	6.4*
24. Côte d'Ivoire	6.5*
25. China	6.5
26. Algeria	6.7*
27. Morocco	7.9
28. Canada	7.1*
29. Denmark	7.1*
30. Jamaica	7.3
31. Jordan	7.3
32. Philippines	7.4*

Table 9 (continued)

33. France	7.5*
34. Tunisia	7.8
35. Thailand	8.3*
36. Switzerland	8.6
37. Bolivia	8.6
38. Hong Kong	8.7*
39. New Zealand	8.8*
40. Zambia	8.9
41. United States	8.9*
42. Singapore	9.6*
43. Australia	9.6*
44. Nigeria	9.6
45. United Kingdom	9.6*
46. Venezuela	10.3*
47. Peru	10.5*
48. Russian Federation	11.4
49. Malaysia	11.7*
50. Costa Rica	12.7*
51. Nicaragua	13.2
52. Mauritania	13.2*
53. Dominican Republic	13.2*
54. Mexico	13.6*
55. Colombia	15.5
56. Zimbabwe	15.6
57. Botswana	16.4*
58. Senegal	16.7
59. Kenya	18.2
60. Chile	18.3
61. South Africa	19.2
62. Lesotho	20.7*
63. Kyrgyzstan	22.8
64. Honduras	23.5*
65. United Republic of Tanzania	26.1
66. Equatorial Guinea	28.0
67. Panama	29.9*
68. Guatemala	30.0*
69. Brazil	32.1*
Sample countries total	69

Figures corresponding to the period 1990-1993.

* Figures corresponding to the period 1985-1989.

23. This table shows the existence of four different patterns of income distribution in the countries listed:

(a) A group of developed countries or countries at an intermediate level of development with good income distribution, in which the ratio between the richest and poorest 20 per cent ranges from 3:1 to 6:1;

(b) A group of developed and developing countries with an income distribution ratio between the different sectors ranging from 7:1 to 10:1;

(c) A group of developed, developing and underdeveloped countries with poor income distribution, in which the ratio between the poorest and richest sectors of the population is greater than 10:1. It should be noted that this group is the one which includes the countries that combine great wealth with great poverty;

(d) The fourth group, which we have designated as the "widespread poverty" group, comprises countries with very low growth rates, great poverty and relatively unconcentrated income distribution.

24. The accompanying figure compares income distribution and per capita product in selected countries and provides a graphic representation of their relative position. In the upper left-hand corner are the countries experiencing "widespread poverty", and in the upper right-hand corner the developed countries with "equitable distribution". As the eye moves downwards, income concentration increases (see the figures in the annex). Interestingly, the lower right-hand area of the graph is empty, suggesting that good income distribution has been a prerequisite for development in those countries which are currently developed.

PART THREE

G. Education, discrimination and income distribution

25. One could argue that income distribution patterns are reflected almost identically in the field of education at both the international and the national levels. It can be seen from table 10 that public spending on education in the developed countries is $1,089 per capita, and in the undeveloped or developing countries, $43. In the developed countries, this expenditure doubled between 1980 and 1993, from $500 to $1,089 per capita. The education gap is perhaps more important than that in other fields, since future trends will only accentuate the difference between those who acquire the necessary skills to handle the globalization under way and those who lack access to such know-how.

26. The figures relating to the illiterate population show the huge size of the population in the third world which lacks any access to basic education. In Africa, in round figures, illiteracy rose between 1980 and 1995. In Asia a recent downward tendency has been observed, as in Latin America. In the least developed countries, that is those in the lowest 20 per cent of the international income distribution, the illiterate population is growing at a rate of 1.51 per cent (for reasons of space, no details are supplied regarding this information).

DISPERSION OF INCOME DISTRIBUTION IN RELATION TO PER CAPITA GDP IN SELECTED COUNTRIES

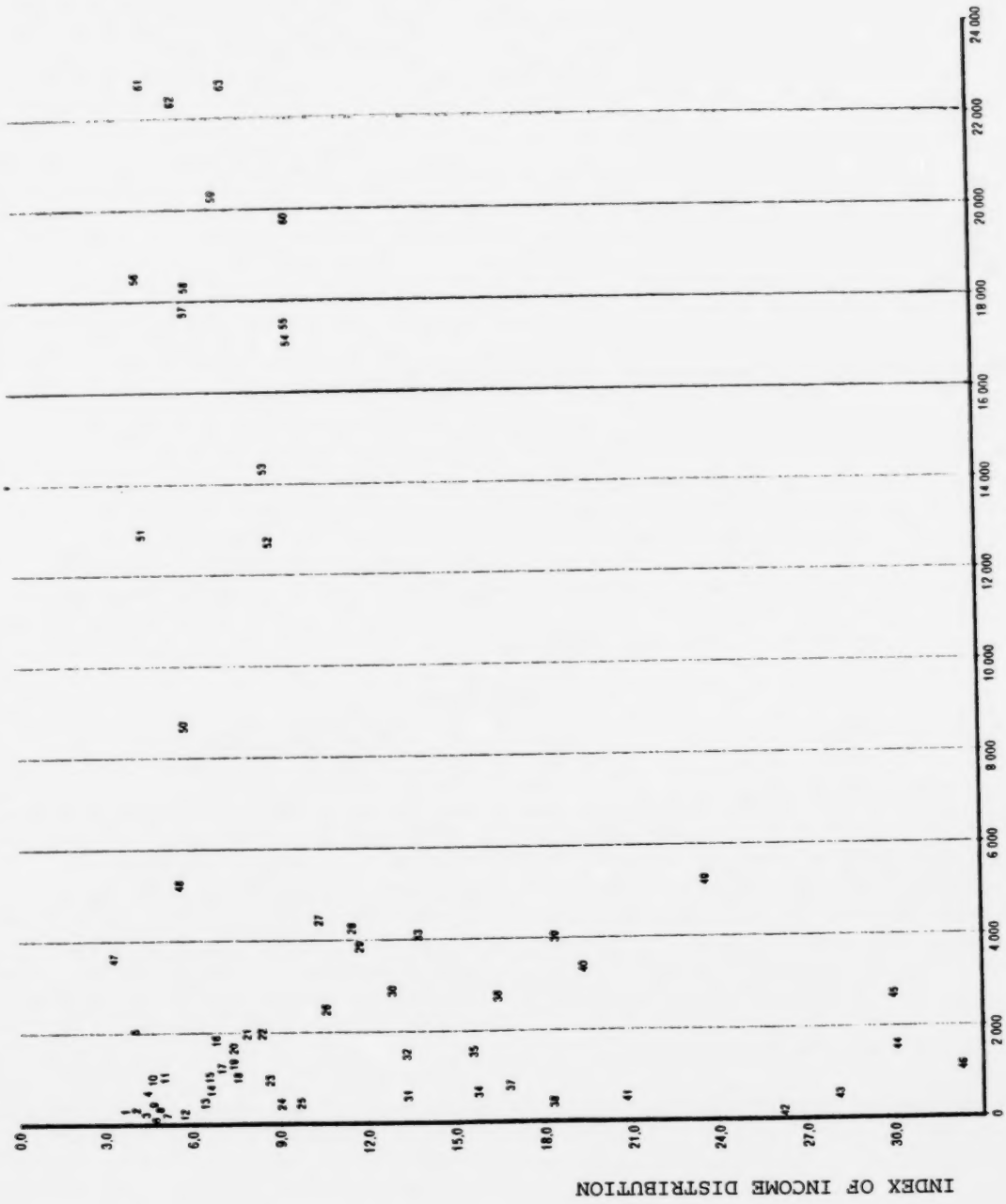

Table 10

Public expenditure on education

	PERCENTAGE OF GNP			PUBLIC EXPENDITURE PER CAPITA ($)			AVERAGE ANNUAL GROWTH		
	1980	1990	1993	1980	1990	1993	1980-1990	1980-1993	1990-1993
Africa	5.3	5.7	6.2	48	41	38	-1.56%	-1.78%	-2.50%
Americas	4.9	5.2	5.4	310	526	597	5.43%	5.17%	4.31%
Asia	4.4	4.2	4.3	41	75	92	6.23%	6.41%	7.05%
Europe	5.1	5.0	5.2	417	742	782	5.93%	4.96%	1.77%
Oceania	5.6	5.6	6.0	167	715	743	4.35%	3.64%	1.29%
Developed countries	5.2	5.1	5.3	500	950	1 089	6.63%	6.17%	4.66%
Developing countries	3.8	4.0	4.1	32	41	43	2.51%	2.30%	1.60%
Africa (excluding Arab States)	5.1	5.3	5.7	41	30	28	-3.08%	-2.89%	-2.27%
Arab States	4.1	5.2	5.8	109	111	116	0.18%	0.48%	1.48%
Latin America and the Caribbean	3.9	4.1	4.6	95	107	143	1.20%	3.20%	10.15%
East Asia and Oceania	2.8	3.0	3.0	12	20	28	5.24%	6.73%	11.87%
South-East Asia	4.1	3.9	3.7	13	30	12	8.72%	0.61%	-26.32%
Least developed countries	4.2	2.9	2.8	8	9	8	1.18%	0.00%	-3.85%
World total	4.9	4.9	5.1	129	208	229	4.89%	4.51%	3.26%

Source: Statistical Year, UNESCO.

27. The fact that income distribution at the national level is deteriorating at an accelerating rate in many low-income countries is leading to a change in States' investment priorities. In recent years there has been a regressive trend in the allocation of resources to the most significant social areas, especially education and health. Table 11 illustrates the paradox that, between 1972 and 1982, the countries with the lowest incomes substantially raised State resources allocated for defence while reducing funds for education by two thirds and funds for health by one third. In every case, social expenditure has fallen in developing countries, while in the developed countries the tendency for it to rise has held up. This is a perverse consequence of the international distribution of income.

Table 11

Percentage of central Government expenditure allocated to defence, education and health

	DEFENCE		EDUCATION		HEALTH	
	1972	1982	1972	1982	1972	1982
Low-income countries	12.4	18.5	15.2	5.5	6.1	3.0
Middle-income countries	15.1	12.1	13.0	11.6	6.5	4.7
Low-middle-income countries	16.9	14.2	17.9	13.7	4.5	3.7
High-middle-income countries	14.6	11.5	11.6	10.9	7.0	5.5
Oil-exporting countries	13.0	24.8	13.6	8.2	5.6	5.5
Industrial countries	23.3	13.9	4.3	4.8	9.9	11.7

28. These measures in the field of education and health resulting from income distribution at the national and international level have different impacts on different population groups. It is clear that in general terms children suffer most. But the effects are also and particularly strongly felt by women, minorities and indigenous peoples.

29. Women are among the least well-protected and least well-off sectors as far as equality of opportunity is concerned. The United Nations report on the world social situation showed in 1993, citing very clear figures, that women suffer illiteracy rates which are almost 30 per cent higher than for men. In many parts of the world illiteracy may be linked with the status of women. This is why the expression "feminization of poverty" has begun to be used. In many countries women who have to take charge of their household, heads of household, are in the poorest population sectors. The 1995 World Bank study points out that in Latin America the hourly earnings of women declined even more dramatically than those of men, partly because women were concentrated in the informal sector and in hard-hit low-paying sectors such as apparel. The report goes on to refer to cases in Africa where, as a result of structural adjustment, women were also the worst-hit. A policy of equal opportunities for women should remove the various cultural, social and economic obstacles preventing this huge segment of the population from realizing their economic, social and cultural rights.

30. Minorities, and especially indigenous peoples, also fall in the population sectors which suffer the greatest marginalization, neglect and discrimination. Recent studies show that this is the source of the principal problems involved in access to education and the main concentrations of illiteracy. These groups are to be found at the lowest income distribution levels in each country.

31. Information relating to the international distribution of income shows clearly the causes of international migration of workers and the problems which will arise in these areas in the future. It is obvious that given increasing globalization of communications accompanied by such huge differences in levels of living, pressure from workers in poor countries seeking to settle in rich countries will grow.

32. As we stated in our first report, poverty is the modern form of slavery. Poverty is the highest form of denial of all economic, social and cultural rights, and hence of all human rights. As this report comes to a close, it would seem evident that there is a close link between income distribution, both international and national, and the existence of rising levels of poverty.

33. Indeed, it would seem that the phenomenon described in this report is the principal cause of poverty.

CONCLUSIONS

H. Income distribution and equality of opportunity

34. Equality of opportunity is a concept which makes it possible to place the issue of economic, social and cultural rights on a practical plane. As is well known, and as was mentioned in the previous report, the non-enforceability of these rights is one of the most contentious issues in international law. However, discrimination against individuals and groups is not a contentious matter, and the right to equal opportunities is a decisive factor in securing their full enjoyment. The absence of equal opportunities leads to manifest discrimination and a violation of the rights of individuals. Negative income distribution is one of the forms taken by the lack of equal opportunities, both internationally and nationally.

35. The concept of equal opportunities does not refer to an imaginary race in which different persons, individuals or players act in a free and allegedly transparent market. It refers to a situation in which individuals, groups, communities and sectors of society or even countries are in an unequal position and are often objectively discriminated against compared with others, and consequently simply do not enjoy the same opportunities. Social policy should involve the provision of equal opportunities for access to benefits, eliminating such discrimination; labour policy too should eliminate the obstacles preventing individuals from gaining access to labour markets on their merits; international trade policy should also institute equality of opportunity for countries, embracing their objective differences and inequalities. Obviously, freedom of decision for an individual, group and even country consists in freely determining the course of action to be followed. In this way the concept guarantees the freedom of individuals and groups.

36. The concept of equal opportunities, and the right of individuals to have equal opportunities, makes it possible to redefine the duty of States as regards the full enjoyment of economic, social and cultural rights. The absence of equal opportunities should be regarded as discrimination against certain persons, groups, areas or parts of society. An equal opportunities

policy should involve adequate and additional measures to ensure that the group or sector suffering from discrimination enjoys conditions similar to those of the rest of the population in securing the full exercise of their rights. This duty lies with the State, and this is fully stipulated in international instruments.

37. At the same time as the concept of equal opportunities specifies the duties of the State, it also allows the application of social policies which are not paternalistic, or focused on hand-outs. The major shortcoming of many social policies has been their substantial paternalistic tinge, offering the population false protection. In many cases, or in most cases, this paternalistic assistance has gone hand in hand with the creation of political constituencies, which has prevented individuals, groups and sectors of society from freely and fully playing their roles as citizens. In most cases, paternalistic assistance hampers the development of full awareness of the rights of individuals, and in particular the exercise of their economic, social and cultural rights.

38. The above assertion is true both at the national level and especially at the international level. In the sphere of international cooperation, there is a need for the clearer application of the concept of "equal opportunities". In many cases international cooperation has been paternalistic in nature, aims at solving a small or large passing problem, but does not tackle the underlying causes. It is well known that such assistance, which is sometimes humanitarian in nature, does not always enable the country or area in question to play an independent role in the concert of nations. On the contrary, in many cases aid blocks local initiatives, gives rise to greater dependence and limits equality of opportunity at the international level.

39. The concept of equal opportunities, understood in the terms used here, makes it possible to merge the issue of human rights with the issue of the economy and the functioning of production, consumption, labour and markets, both national and international. It is a concept which permits practical understanding of the relationship between the phenomena of discrimination and the rights of individuals.

I. Work plan for the next report

40. The third report from the office of this Special Rapporteur on income distribution and human rights should focus on the relationship between these processes and poverty. This is the most important issue related to social questions in the world today and should be a special concern of this Rapporteur.

41. The third report should also analyse various alternatives and make suggestions as to the way in which the United Nations system and the countries can cooperate to ameliorate the situations described. This should be done in a variety of fields: (a) in the field of international cooperation; (b) in the field of multilateral cooperation; (c) at the national level.

42. The third report should elaborate upon the indicators adopted and used in the second report and, through the secretariat and the Centre for Human Rights, should seek more information on these matters from Governments.

Notes

1/ World Bank, World Development Report 1995. Workers in an integrating world. World development indicators, 1995.

2/ All the data and tables set out here have been prepared up by the author with the support of the SUR Centre for Social Studies in Santiago, Chile, on the basis of official statistics. Mr. Fernando Torres worked as an assistant. The Centre for Human Rights, Legislation Branch, also supplied a great deal of information. The sources for these tables were principally World Bank, World Development Report 1995; UNDP, Human Development Report, various years; United Nations, Report on the World Social Situation, 1993. Also used were the World Bank Atlas of 1995 World Tables 1994, and Social Indicators of Development, various years. Unless otherwise indicated, the country classification was carried out using World Bank criteria. See World Development Report 1995, pp. 247 et seq. Data on education were taken from the UNDP and UNESCO reports.

The office of this Rapporteur has received many reports from countries, specialized bodies and NGOs, for which we will be expressing thanks.

3/ As is well known, a change has occurred in the richer countries in the period under review, as a result of the huge growth in Japan, whose share in the world economy rose from 3.75 per cent to 16.90 per cent. The share of the Republic of Korea in the world economy rose from 0.33 to 1.52 per cent during this period.

4/ This table was drawn up on the basis of the table on country shares in the world gross domestic product (GDP), using World Bank figures. For reasons of space it is not possible to publish the data on which the table was based, but they are available on request. In the 1992 Human Development Report UNDP proposes the following table, which differs slightly from the table which has been drawn up by the office of this Special Rapporteur:

Table 3.1

Global income disparity, 1960-1989

	Poorest 20% (per cent)	Richest 20% (per cent)	Richest to poorest	Gini coefficient
1960	2.3	70.2	30 to 1	0.69
1970	2.3	73.9	32 to 1	0.71
1980	1.7	76.3	45 to 1	0.79
1990	1.4	82.7	59 to 1	0.87

5/ An official communication was sent from the United Nations Centre for Human Rights requesting the various countries to supply this information in the most detailed and up-to-date form possible. Unfortunately replies have as yet not been received from all the countries, so that the information will have to be rounded out in the next report.

6/ In all of these cases the "income distribution" indicator does not clearly express the true movement in the economy, and for that very reason the figures must be handled with care. It should also be pointed out that the figures on income distribution are necessarily based on studies or "surveys" on family consumption, and that income is attributed to these in a sometimes arbitrary manner. This leads in almost all cases to relatively adjusted figures for the poorer strata of the population in which the relationship between incomes and consumption is very close and to highly erroneous data in the upper strata of the population in which the relationship between consumption and income is measured by saving and investment. In these cases those responsible for preparing the statistics must perform "corrections" based on "national accounts", and this is often very arbitrary. As is well known, national accounts too are very often prepared using assumptions regarding expenditure and income. Hence it is no accident that UNDP should have endeavoured to construct a more reliable indicator, known as the Human Development Index. In so far as our terms of reference confined us to the topic of income distribution, we have had to work with these data. The Human Development Index has been criticized for its ethnocentric character, which attributes the highest "quality of life" to the industrialized countries, which is of course questionable from other viewpoints.

7/ All the country data have been prepared using World Bank and UNDP data for various years by the SUR Centre for Social Studies. See for the United Kingdom in particular World Bank, World Development Report 1995. Various countries sent us information from which these figures could be corroborated.

8/ We are grateful to CEPAL for sending this information to the office of this Special Rapporteur.

9/ The controversy concerning indicators is of long standing. The reader should see the report by Danilo Türk (E/CN.4/Sub.2/1992/16) and the other reports prepared on this subject by this Special Rapporteur. The value of absolute indicators which measure specific social topics has been rightly criticized. We have opted for the construction of original indicators which tend towards a reflection of internal relationships and their evolution. To tackle the analysis of income distribution it is customary to use the "Gini coefficient", which, while a sound measure of dispersion, is obscure and easily understood only by those who have a training in mathematics or economics. The indicator we have constructed is simpler since it establishes an actual relationship which can be understood in real life, i.e., how much more income does the highest sector of the population of a country have compared with the lowest? It is a relative indicator because it reflects a relationship between two domestic sectors. It is an evolving indicator because it can show the behaviour and progression of this relationship. Obviously this indicator cannot show, for example, the behaviour that occurs in the middle-level sectors of society. A situation could exist in which income distribution is concentrated towards the middle-income sectors without being perceived by this indicator.

Annex

INCOME DISTRIBUTION INDEX IN RELATION TO PER CAPITA GDP
IN SELECTED COUNTRIES

(See figure)

RANKING		GDP PER CAPITA	RATIO QV/QI
1.	Rwanda	216	4.0*
2.	Bangladesh	227	4.1*
3.	Nepal	195	4.3
4.	Sri Lanka	669	4.4
5.	Poland	2 035	3.9*
6.	Ethiopia	106	4.8*
7.	Uganda	181	4.9
8.	India	286	4.7
9.	Pakistan	419	4.7
10.	Bulgaria	831	4.7*
11.	Indonesia	943	4.9
12.	Viet Nam	132	5.6*
13.	Ghana	368	6.3
14.	China	635	6.5*
15.	Côte d'Ivoire	928	6.5*
16.	Algeria	1 752	6.7
17.	Philippines	960	7.4*
18.	Morocco	1 109	7.0*
19.	Jamaica	1 592	7.3*
20.	Jordan	1 247	7.3
21.	Tunisia	1 875	7.8
22.	Thailand	1 918	8.3*
23.	Bolivia	858	8.6*
24.	Zambia	356	8.9
25.	Nigeria	386	9.6*
26.	Peru	411	10.5
27.	Venezuela	4 375	10.3*
28.	Russian Federation	4 200	11.4*
29.	Malaysia	3 741	11.7

RANKING		GDP PER CAPITA	RATIO QV/QI
30.	Costa Rica	2 815	12.7*
31.	Nicaragua	536	13.2*
32.	Dominican Republic	1 423	13.2*
33.	Mexico	4 020	13.6*
34.	Zimbabwe	577	15.6
35.	Colombia	1 430	15.5
36.	Botswana	2 642	16.4*
37.	Senegal	710	16.7
38.	Kenya	339	18.2
39.	Chile	3 921	18.3
40.	South Africa	3 339	19.2
41.	Lesotho	407	20.7
42.	United Republic of Tanzania	74	26.01*
43.	Equatorial Guinea	435	28.0*
44.	Guatemala	1 318	30.0*
45.	Panama	2 587	29.9
46.	Brazil	1 073	32.1
47.	Hungary	3 537	3.2*
48.	Yugoslavia	5 161	5.5*
49.	Honduras	51 128	23.5*
50.	Republic of Korea	8 611	5.7*
51.	Spain	12 861	4.4
52.	New Zealand	12 634	8.8*
53.	Hong Kong	14 260	8.7
54.	Australia	17 078	9.6
55.	United Kingdom of Great Britain and Northern Ireland	17 312	9.6*
56.	Netherlands	18 405	4.5
57.	Finland	17 708	6.0
58.	Italy	18 255	6.0
59.	Canada	20 177	7.1*
60.	Singapore	19 720	9.6*

RANKING	GDP PER CAPITA	RATIO QV/QI
61. Sweden	22 177	7.1*
62. Germany	22 279	5.8
63. France	22 662	7.5

Figures corresponding to the period 1990-1993

* Figures corresponding to the period 1985-1989.